

Supplemental Record Request DTE 2-3

To the extent that the Company anticipates issuing trust originated preferred securities, please provide the following information. If specific details have not been finalized at this time, please provide an anticipated range of values.

1. Maturity date(s)
2. Interest Rate
3. Collateralization/Securitization
4. Dividend Payment Schedule
5. Par Value
6. Minimum offering price

Response

Specific details as to the size and timing of a preferred securities issuance have not yet been determined. However, if the Company were to issue trust-originated preferred securities, the anticipated range of values for the potential offering would be as follows:

1. Maturity Dates(s): The Company anticipates that a new trust-originated preferred securities issuance would have a maturity date of up to 30 years from the date of issuance and would be callable at the Company's option at a point at least five years from the date of issuance. The new issuance would also most likely include a 10-year extension option exercisable at the Company's option, similar to that which is included in the 9.48% preferred securities currently held by the Company.
2. Interest Rates: Based on our most recent discussions with both J.P. Morgan and Merrill Lynch, the current range of interest rates for trust-originated preferred securities (for an investment-rated company comparable to Southern Union) is 7.5 to 9.5 percent.
3. Collateralization/Securitization: There would be no collateralization or securitization involved in an issuance of these types of securities.
4. Dividend Payment Schedule: Trust-originated preferred securities generally pay dividends on a quarterly basis (four times per annum).

5. Par Value: The Company's expectation is that these securities would have a zero par value, as did the trust-originated preferred securities issued by the Company in 1995.
6. Offering Price Per Share: The offering price per share for trust-originated preferred securities is generally set at \$25 per share. However, the price per unit may differ as a result of market conditions, and therefore, the minimum price would be no less \$5 per share.